

patient's clinical status, but that is different from determining that there is a medical necessity to furnish treatment to a patient in an IRF as opposed to another type of treatment setting. In addition, it was not possible in many cases to map the diagnosis code on the claim data to one of the ten medical conditions listed in § 412.23(b) because a large percentage of claims have an ICD-9-CM diagnosis code that is a general code indicating only care involving the use of rehabilitation procedures instead of a specific diagnosis.

Chart 1 "Estimates of Compliance with the 75 Percent Rule" below shows

the estimated percent of facilities with 75 percent of cases falling into the 10 conditions (13.35 percent) using 2002 available patient assessment data. Appendix A provides the technical detail regarding the method used to determine the percent of IRFs in calendar year 2002 that complied with the 75 percent rule. We believe our findings may tend to undercount cases falling within the 10 conditions because the IRF-PAI assessment process was first implemented during 2002. We believe that learning the IRF-PAI assessment process probably resulted in IRFs erring when coding the impairment group on the IRF-PAI assessment form.

Nevertheless, we believe the analysis is useful for providing an estimate of the overall compliance with this regulatory requirement. Our findings showed that overall about 50 percent of cases fall within the 10 conditions specified in the rule and the number of facilities meeting the requirement based upon Medicare discharges rather than all discharges is very low. In addition, it shows the estimated percent of facilities that meet lower thresholds. Finally, our analysis also found that a facility's Medicare case mix was a good predictor of case mix for non-Medicare IRF patients.

BILLING CODE 4120-01-P

<b>Chart 1 Estimates on Compliance With the 75 Percent Rule (2002 Data)</b>					
		<b>45% Rule</b>	<b>55% Rule</b>	<b>65% Rule</b>	<b>75% Rule</b>
<b>Hospital Characteristic</b>	<b>Total Number</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
<b>Total</b>	<b>1170</b>	<b>71.87</b>	<b>44.19</b>	<b>25.17</b>	<b>13.35</b>
<b>Census Division</b>					
1. New England	38	76.3	28.9	7.9	2.6
2. Middle Atlantic	170	47.6	22.4	10	4.1
3. South Atlantic	143	74.8	36.4	15.4	7.0
4. East North Central	220	76.8	53.2	29.1	12.3
5. East South Central	66	77.3	36.4	15.2	1.5
6. West North Central	99	78.8	58.6	41.4	27.3
7. West South Central	235	66.4	30.2	11.1	3.4
8. Mountain	78	70.5	51.3	33.3	21.8